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Foreign Aid? Yes, But With a New Approach

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WASHINGTON.

DIFFICULT as the effort might be, it would be salutary for Americans to try to imagine exactly how they might feel as recipients of economic aid—and all that goes with it—from foreign countries.

How, for example, would the management and employes of the bankrupt New Haven Railroad feel if they were placed under the tutelage of a mission of, say, German transportation experts—who, for all they might do to show us how to run a railroad, would also be living purveyors of the message that "we Germans know how to do something you Americans don't know how to do"?

Or consider how a Texas rancher might feel as the pupil of a group of agronomists from Colombia assigned to teach him how to grow coffee. Would he be humbly and touchingly grateful? Or would his gratitude be tinged with a touch of rancor toward his benefactors because his pride was injured by the feeling of being a suppliant and a recipient?

Imagine, to take another example, how the recent flood victims of Oregon and California might have felt, having lost their homes and possessions and perhaps members of their families, if they were then asked to participate in little picture-taking ceremonies with beaming foreign ambassadors dispensing food and blankets labeled "Gift of the French People" or "Gift of the Russian People." If we can imagine ourselves in this position, I think we might agree that it is not an altogether heartwarming experience to be confronted with a gift of food whose label seems to convey the message that "the soup which you are about to consume is a charity from the great and generous and affluent people of someplace or other."

Several years ago, during a visit to a country which was then receiving American aid, I attended an informal supper with some local officials and American diplomats. One of the Americans favored us with an explanation of the costs and logistics of an impending disaster-relief mission in which American supplies were involved. As he warmed to his subject, I noticed our hosts becoming increasingly preoccupied with their soup. The American official was clearly well-informed on all the details of our mission of mercy, but the local officials did not seem to appreciate it.

I do not think they were ungrateful for our relief supplies. I think what they failed to appreciate was the strong and clear suggestion that they were our wards and we their patrons, that they were benighted and we were blessed, that they were incompetent and needy while we were rich and happy and very tenderhearted besides.

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They did not seem to appreciate this at all, and I did not appreciate it either. In the course of a recent trip to Yugoslavia, I had the honor to decline to participate in an airport ceremony at Zagreb, where American planes were arriving with bedding supplies for victims of a major flood.

These are extreme examples of what might be called extreme bilateralism in relations between a rich country and a poor country. They are by no means representative of how most of our aid is extended and received but they do, I think, illustrate the psychological problem that is inherent in every manifestation of *direct* American assistance to underdeveloped countries.

IT is a problem of pride and self-respect, which has everything to do with a country's will and capacity to foster its own development. There is an inescapable element of charity in bilateral aid, and charity, over a long period of time, has a debilitating effect on both the recipient and the donor. It fosters attitudes of cranky dependency or simple anger on the part of the recipient and of self-righteous frustration on the part of the donor—attitudes which, once formed, feed destructively upon each other.

There have been abundant manifestations in recent months and years of the negative attitudes that are bred by the client-ward relationship. In the face of repeated threats by the United States to "reconsider" its involvement in the Vietnamese war, the politicians or generals who happen to be in power in Saigon at a given moment simply threaten us with their own collapse and it usually brings us to heel.

Because we do not like President Nasser's Congo policy, we threatened to cut off surplus food products (which are assumed to give us some leverage on the recipient's policy), and Nasser, as a matter of personal and national pride, told us we could take our aid programs and jump in the lake. Few Americans admired this response, even though it has the ring of something like "millions for defense but not one cent for tribute."

THE complement of these jaundiced attitudes abroad has been the development of no less jaundiced attitudes in the American Congress. Year by year, the debate over foreign aid has become more rancorous and protracted as Congressmen have failed to see the promised breakthrough to self-sustaining economic growth in the underdeveloped countries, and instead have seen American generosity rewarded with turbulence and insults and ingratitude. The result of this feeling of frustration has been an accelerating war of attrition against foreign aid, interrupted in 1964 only because the Administration conceded much of the issue in advance by submitting a drastically reduced request.

In addition to reducing the size of the foreign-aid program—or, more precisely, the part of the program that pertains to economic development as distinguished from military assistance and special categories intended for short-term political objectives — Congress has fallen into the habit of using the annual foreign-aid debate as the occasion to air extraneous grievances ranging from Ecuadorian views on American fishing rights to the mistreatment of Jews in the Soviet Union. Few of these issues have any direct bearing on the problems of economic development in underdeveloped countries, which is what foreign aid is supposed to be about.

The ill-tempered debates which these extraneous issues foster in Congress have had two principal consequences. First, they have produced an avalanche of proposals and a number of successful efforts to write unwarranted restrictions on the President's authority in foreign affairs into the foreign-aid bill. Second, they have insulted and offended, and complicated our relations with, a growing list of foreign countries which do not understand, and cannot be persuaded, that the fulminations of Senators are not the official policy of the United States.

IF foreign aid had ceased to be a useful instrument of American policy, the problems connected with it could easily be resolved simply by abandoning the program. I believe, however, that, despite all difficulties, American foreign aid has been largely successful and that it will continue for the indefinite future to be an essential instrument of American foreign policy. The question that I wish to raise is not one of foreign aid as such but of a particular approach to foreign aid. I believe that our present approach—which combines various kinds of aid and many Americans since having diverse purposes in a single package, and administers them for the most part bilaterally — has been useful and productive in the past but is no longer adequate to meet the changing needs of American foreign policy in a changing world.

Nor do my reservations about the present program have anything to do with its management and execution. Mr. David Bell is a talented and highly competent administrator. The Agency for International Development (AID), which he heads, is staffed both in Washington and in the field by able and dedicated public servants, many of whom bring not only technical competence to their jobs but an extra measure of devotion necessary to withstand the barbs of Congressional criticism and public mistrust. Nor is there any reason to believe that there is more waste in our foreign-aid program than in any other governmental function; there may indeed be less. The question then is of our approach to foreign aid.

We must broaden and deepen our understanding of the profound transformation that is taking place in the less developed nations of Asia, Africa and Latin America and recognize, as a group of more than 50 American development experts recently pointed out, in a statement published by Indiana University, that the time horizons in our thinking about aid have been too short and that: "We are dealing with the development century and not the development decade."

The continuing need for the rich countries to assist the poor countries is a matter of both political and moral compulsion. It is difficult to see how the world's less developed nations can overcome their enormous social and economic problems without generous assistance from the more favored nations, and it is difficult to see how the rich countries can expect to be secure in their affluence as islands in a global sea of misery. But beyond the social and economic and political and strategic reasons for the rich aiding the poor is the simple motive of humanitarian conscience.

This is, I think, one which commends itself to most Americans more than they may care to admit. During and immediately after World War II, our idealistic impulses led us into some costly errors then, including some distinguished statesmen, have been expending a great deal of energy on efforts to show how tough and mean and hard-headed they are. The foreign-aid debate in the Senate often sounds like a contest as to whether it is more coldly self-interested and hard-boiled to grant aid or to deny it.

I THINK we could take a long step toward resolving the present debate over foreign aid by expunging from it the vocabulary of puerile toughness in which we have come to take such tiresome pride, and which, I believe, is fundamentally alien to our national character. It would do us no harm to recognize that there is a moral as well as a political and economic case for foreign aid and that there is nothing wrong with human decency as a motive in our foreign policy.

Of all the changes that are needed in our foreign aid, the most important is a change in our own attitude. In the long run, no policy can be sustained by the sole force of cold-blooded self-interest. We do not provide social security to the unemployed simply because it helps to quiet them and makes the possessing classes more secure in their affluence, although social security undoubtedly does contribute to that end. We do it because it seems decent and proper, because we feel some sense of responsibility. If we are at all sincere in our aspiration to achieve a world community of nations, we must bring something of the same spirit to our modest efforts to assist the poor nations in their struggle for a decent life. We must recognize that aid is a humane as well as a practical program, that, as Woodrow Wilson said of the League of Nations, there is a "pulse of sympathy in it" and "a compulsion of conscience throughout it."

THE difficulties with foreign aid which we are now experiencing are attributable to the fact that the authorization of American aid has become deeply involved in Congressional politics and controversy, while the disbursement of our aid has involved the United States too deeply in the politics of too many countries. A new approach is needed. To this end,

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I propose the three following fundamental changes in the foreign aid program.

I—PUT ECONOMIC AID ON A LONG-TERM BASIS

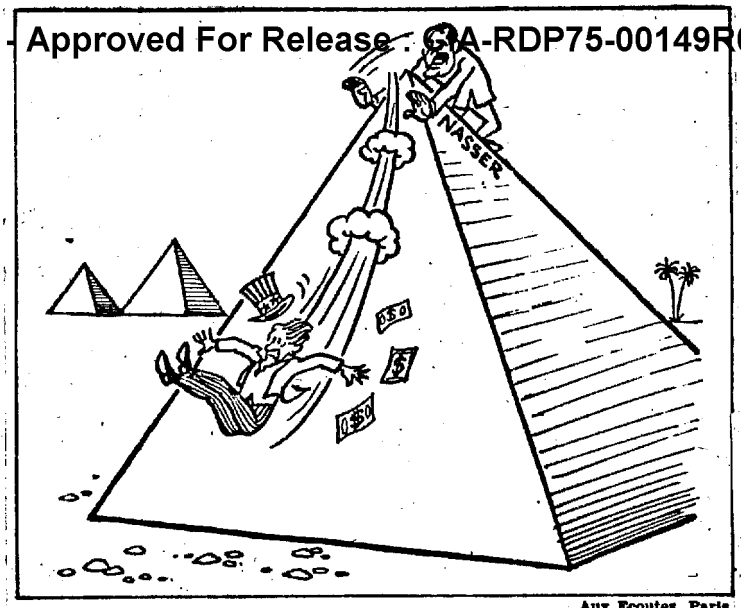
CONGRESS should cease its annual reviews of foreign aid and place the program under long-term authorizations. The case for doing so is both familiar and persuasive, and just about everybody involved with foreign aid agrees to it—except Congress.

A long-term authorization would not, of course, remove the foreign-aid program from direct Congressional authority; the funds authorized would still have to be appropriated annually. It might be possible, however, by putting the authorizing legislation, which sets maximum amounts and is intended to govern policy, on a three-year or four-year basis, to insulate the program from transitory waves of emotion.

A long-term authorization might have the effect of reversing the pernicious tendency to write binding restrictions into law in response to some transitory irritation, such as an insult from Nasser or Sukarno or a vote in the United Nations that displeases us. Such annoyances are genuine enough but they are often forgotten very quickly as events move on, while the legislative proscriptions to which they gave rise remain to govern—or to frustrate—policy.

Economic development is a long-term process which does not lend itself to the one-year legislative cycle of the American Congress. The conventional short-term approach greatly impedes planning by the aid recipient while the donor is denied the opportunity to offer incentives to recipients to make necessary internal economic reforms. There has been a tendency in the experience of AID and its predecessor agencies to hasten to commit funds as the end of a fiscal year approaches with the result that recipients may be pushed into premature commitments.

The Foreign Assistance Act of 1961, which in my opinion was the best aid bill we have ever enacted, provided long-term authorizations both for the Alliance for Progress and for development lending to Asian and African countries. The Congress, most unwisely, has been tampering with these legislative provisions ever since, so that we are in effect back on a year-to-year basis.



Aux Ecoutes, Paris.

"So sorry, Uncle Sam . . . !"

The very nature of the economic development process requires the casting of foreign aid in a new time perspective. The Congress of the United States could make an important contribution to this end by adopting foreign-aid authorization bills of four or three or, at least, two years.

II—DON'T CONFUSE ECONOMIC AND MILITARY AID

MY second proposal is the separation of the economic and military components of foreign aid—or, more exactly, of those forms of aid which pertain to the economic development of underdeveloped countries from those which pertain to the maintenance of armed forces, supporting assistance for security purposes, and political loans which are really designed to influence a country's posture in the cold war or the outcome of its next election.

The distinction, in any case, is not merely a legislative one; it is an operative distinction of great importance, pertaining to functions which are quite distinct and not always even compatible.

The fundamental distinction between economic and military-political assistance — and it could hardly be more fundamental—is that one is designed to alter a status quo and the other is usually designed to preserve it. The relationship between the two is that politico-military assistance is intended, or should be intended, to buy time for the more fundamental purpose of developing the nation.

Military assistance is administered by the Department of Defense with the Secretary of State and the administrator of AID acting as policy coordinators. Military and economic assistance are thus overlapping in operation and merged in legislative authorization, giving rise to the constant possibility that recipients will suspect — perhaps rightly — that conditions attached to one form of aid are in reality intended to advance the purpose of the other. I believe that the two functions should be separated to the greatest possible extent, because of the vital importance, *for purposes of economic growth,* of maintaining the economic integrity of economic programs—both in the mind of the recipient and in the policy of the donor.

The same considerations apply with even greater force to those forms of aid which are designed to have nothing more than short-term political effects. I have no firm opinion, frankly, as to whether the United States has any business—or can be expected to gain in the long run—in trying to buy a vote in the United Nations or influence the election of a government. But even if we grant that political bribery is a necessary part of foreign policy, it is perfectly clear that it has nothing to do with economic development, that it is much more nearly a proper function for the C.I.A. than for AID.

As a Democrat, I do not make a habit of supporting my positions on issues with Republican campaign materials. In this case, however, I find myself impressed with a cogent case made in a 1964 publication of the Republican Critical Issues Council for separating economic-development aid from aid for short-term political purposes. The latter, says the Republican task force on foreign aid, should be provided from a special emergency fund at the disposal of the President: "It should not be confused with economic and technical assistance directed toward what we believe is foreign aid's appropriate role in achieving constructive longer-range purposes."

A COROLLARY to the need for separating development assistance from military and short-term political assistance is the need for even greater selectivity — although this principle has in fact been accepted and to a great extent implemented by Presidents Kennedy and Johnson.

The United States nonetheless maintains aid programs in about 90 countries. Few of these contribute appreciably to economic development or to our security. Many are token programs designed to maintain an American "presence," which I take to be a euphemism for the exertion of one form or another of political leverage.

It is an open question whether an American aid "presence" gains any more leverage than it gives. Recent events in Egypt and Indonesia, where we have carefully cultivated our "presence," suggest that when a nationalist leader is feeling angry toward the United States he is unlikely to be deterred by a token or even a substantial American aid program and, further, that a threat to cut off our aid is far less likely to restrain a proud nationalist like Nasser than to goad him into further statements or actions hostile to the United States.

I was recently visited by the American Ambassador to an African country who ex-

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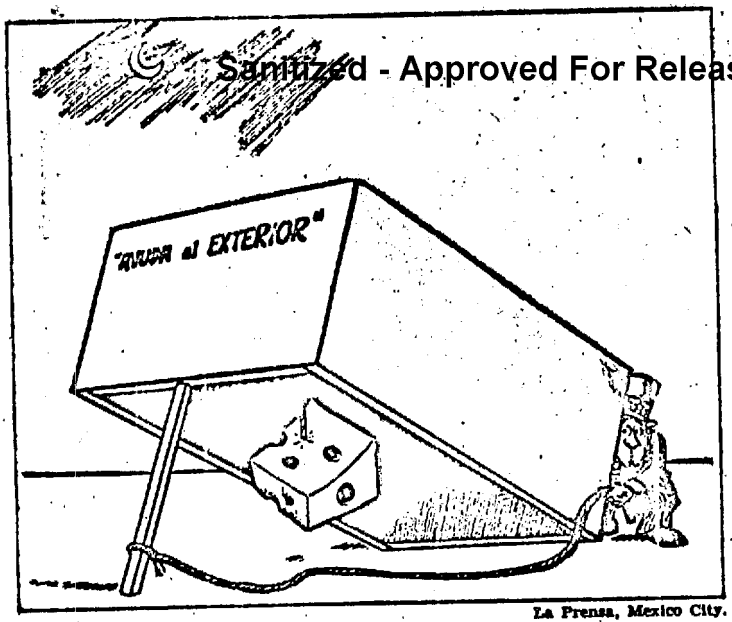

La Prensa, Mexico City.

The trap is labeled "Foreign Aid."

pressed the view that the best way we can maintain friendly relations with the smaller African countries is by maintaining no "presence" whatever in them except normal diplomatic representation.

There is often far more to be gained by a conspicuous American "absence" from a country than by an American "presence." It is just about inevitable that any small and weak but proud country will view any great power that snuggles too close as a threat to its dignity and independence. I think we would be wise indeed to respect that feeling by vacating those many American "aid" missions whose function is not aid at all, and certainly not development aid, but merely the maintenance of an irritating and unnecessary American "presence."

I think that the President—the President, not the Congress—would be well-advised to terminate aid programs, such as that in Indonesia, which contribute nothing to economic development and exert far more leverage in arousing the ill temper of Congress than in influencing the political behavior of the recipient. If we take these steps, we may find that we have saved some libraries, some embassy windows, a small amount of money and a large amount of good will.

III—MAKE ECONOMIC AID AN INTERNATIONAL AFFAIR

MY third and, I believe, most important proposal for a new approach to foreign aid is that we cease to administer our economic development assistance on a bilateral basis. Let us instead place most, or all, of the funds made available for this purpose at the disposal of the international lending agencies, notably the World Bank and its affiliate, the International Development Association.

The fundamental difference between bilateralism and multilateralism in foreign aid is psychological. The one carries a connotation of charity, of patron and ward, of arrogance and humiliation; the other has the more dignified connotation of a community organized to meet its common and rightful responsibilities toward its less fortunate members. The one is appropriate to a world of nation states with unlimited sovereignty, the other to a world that is at least groping toward a broader community.

Unlike any single nation, an international agency like the World Bank is capable of entering into an *institutional* relationship with the recipient of its aid. It is true, of course, that the international agencies draw most of their resources from the same countries that provide bilateral aid, but, as the former president of the World Bank, Eugene Black, has pointed out, "the act of generosity is one stage removed, and this is quite enough to draw its sting."

Greatly as they want our aid, the poor nations of the world want our respect no less. Above all, they need the self-respect that will enable them to go forward confidently in building their own societies. I believe we can help to make this possible by multilateralizing our aid. And in so doing, we will also be advancing our own security by the surest road to stable and mutually respectful relations.

By the reckoning of the Johnson Administration, 85 per cent of United States development loans in Asia and Africa will be committed under international arrangements in the next fiscal year, and, it is pointed out, most United States aid to Latin America is provided through the international channels of the Alliance for Progress. This is fine as far as it goes, but that is not really very far toward true multilateralism. The arrangements referred to consist largely of procedures of consultation and coordination, while final decisions about kinds and amounts of aid and the execution of programs remain bilateral.

THE kind of multilateralism which is needed is one which will vest in an international agency such as the World Bank full authority to determine, *according to objective economic criteria,* who will receive aid and the amounts, kinds and conditions of aid. The United States and other donors would, of course, reserve to themselves final decisions as to the amounts of money they were prepared to contribute to the international agency, although it would be useful and proper for the international organ to suggest equitable contributions by the participating countries.

Specifically, I suggest that all development loan funds now administered by our Agency for International Development be turned over to the World Bank's International Development Association (I.D.A.) to be used for long-term low-interest development lending for programs that cannot be financed by conventional loans. This is precisely the purpose for which our development loans are intended and precisely the purpose for which the I.D.A. was set up.

I think that the assignment of these funds to the I.D.A. should be accompanied by an effort to persuade other countries to do the same thing, or at least to increase their contributions to I.D.A. I would not, however, make this a condition of our own contributions, because I believe it is in our interests to channel our development lending through an international agency whether others do so or not.

It should be understood that while the Bank and the I.D.A. are independent international agencies, the influence of the [illegible] policies is considerable because decisions on loans are made by votes weighted according to contributions. As the largest single contributor, the United States has the greatest voting power. In channeling its development loans through the I.D.A., therefore, the United States would be renouncing exclusive control, with its attendant disadvantages, while retaining great influence on the disposition of its contributions.

The fundamental and, I think, inescapable limit on bilateral aid programs is that, however well and honestly they are administered, they cannot escape political pressure—or, what is just as bad, the suspicion of political pressure.

The problem was succinctly

"There is often far more to be gained by a conspicuous American 'absence' from a country than by an American 'presence.'"

stated by Eugene Black in an address to the Board of Governors of the World Bank shortly before his retirement as its president. "Economic priorities are inevitably confused," he said, "when economic objectivity is lost—and economic objectivity is not easy when aid is influenced by political ends."

As to the Bank and the I.D.A., Mr. Black pointed out that they have the great advantage not only of being economically objective but of being *known* to be so. "Because they are known to have no ulterior motive," he said, "they can exert more influence over the use of a loan than is possible for a bilateral lender: They can insist that the projects for which they lend are established on a sound basis, and—most important—they can make their lending conditional upon commensurate efforts being made by the recip-

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ient country itself." This is not to say that bilateral lenders cannot and do not attach requirements of self-help and internal reform to their loans but only that it is easier for an international agency to insist on certain conditions being met without offending nationalist sensibilities and without arousing suspicions that the conditions have a political rather than a development purpose.

In addition to its salutary effects on relations between donors and recipients, the multilateralization of aid would contribute to the same domestic ends that I described in connection with my proposal for multi-year legislative authorizations of foreign aid. Without compromising the ultimate authority and responsibility of Congress, the channeling of our development loans through international agencies would remove the most important, most promising and most politically vulnerable part of our aid program from the pressures of partisan politics, special interests and transitory political preoccupations.

Even if all development lending were placed under the I.D.A. and the Inter-American Development Bank, other forms of foreign aid would remain under bilateral administration. Military assistance, agricultural assistance, supporting assistance for short-term political or budgetary purposes, the use of the President's contingency fund and various forms of technical assistance would continue to be administered by the United States Government. They would, however, be clearly identified for what they are—programs whose objectives are largely political and military and only partially or indirectly economic.

THE emergence of the majority of the human race from poverty, and the assistance of the privileged minority in bringing that about, may one day be remembered as one of the bright chapters in human history. Economic assistance may become at the same time an instrument of hope for a better life in the poor countries and an instrument of peace and community among all countries.

This is a distant vista, to be sure, but a journey of a thousand miles must begin with a single step. I believe that America can take that step now by committing itself to a renewed effort in the field of foreign aid and by recognizing that economic development is a distinct and necessary objective of our policy which can best be advanced by separating it from lesser objectives and that this separation in turn can most effectively be achieved by transferring the management of our development aid from national to international auspices.

It can be argued that it is inappropriate for America to commit itself to such a program until and unless others do. For myself, I should be proud to see my country take the lead in a policy of intelligent example.